Steps taken by SEBI for Disclosure of Facts by Fund Managers

*239. SHRI V. RAJESHWAR RAO:
DR. SHRIKANT RAMCHANDRA JICHKAR:

Will the Minister of FINANCE be pleased to state:

(a) whether SEBI has noted instances where fund managers have not disclosed full facts and risks involved;

(b) if so, the details thereof; and

(c) what steps are being taken to see that fund managers give the full facts?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) No, Sir.

(b) Does not arise.

(c) Under the Securities and Exchange Board of India (Mutual Funds) regulations, 1996, Asset Management Companies (AMCs) are required to file offer documents of schemes with SEBI. The offer documents, inter alia, contain features of the scheme, risk factors associated, investment objectives, functions and responsibilities of Trustees/AMCs, expenses and fees etc. SEBI ensures that all relevant disclosures are made in the offer documents in order to enable the investors make informed investment decisions. Besides, SEBI also conducts inspection of mutual funds and wherever violations have been noticed, SEBI has taken action against AMCs.

Encouraging Diversification of Operations of Financial Institutions into Minor Stock Exchanges

*240. DR. SHRIKANT RAMCHANDRA JICHKAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government encourage financial institutions to diversify their operations into minor stock exchanges;

(b) whether the financial institutions have been advised to broad base the list of members through which its operations in stock exchanges are conducted;

(c) if so, what is the response of the financial institutions to this; and

(d) what is Government's strategy in this regard?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) Government have not issued any instructions to All India Financial Institutions (FIs) on diversifying their operations into minor stock exchanges. however, Government had in May 1990 issued guidelines relating to transactions in shares by financial institutions in order to make such transactions more open and transparent. These guidelines, *inter alia*, provide for disclosure requirements regarding transaction and price for any sales of over 1% of the paid-up capital of a company, laying down of appropriate criteria for such transactions by Boards of each FI and sale of shares and other equity-related instruments to non-institutional buyers only on recognised stock exchanges through empanelled brokers at market prices.

(c) and (d) Do not arise.

WRITTEN ANSWERS TO UNSTARRED QUESTIONS

Uneconomic routes being served by IA and AA

1634. SHRI SUSHIL KUMAR SAMBHAJIRAO SHINDE:
SHRI RAJUBHAI A. PARMAR:
SHRIMATI VEENA VERMA:

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that the national airlines owe a social obligation to serve the uneconomic routes; and

(b) if so, which are the uneconomic routes being served by IA and AA besides the North Eastern region and the